ABC's *World News Now* and CBS's *Up to the Minute* are the traditional overnight news series, although their names have changed over the years. Scheduled about 2 A.M., these shows compete against syndicated news programming offered to local stations by CNN Headline News. NBC's cable partners, MSNBC and CNBC, also offer information alternatives on cable/satellite networks. Each network does what it can to keep the costs of production low. *Up to the Minute* was one of the first network news services to provide video stories *on demand* over the internet, now common practice for television news organizations.

Following their overnight programming, networks offer early newscasts that lead into and provide updates for their local affiliates' news programming. At 4:30 A.M., NBC enters the competition with *Early Today*, a joint venture with its cable/satellite partner CNBC. At the same time, ABC airs *America This Morning* and CBS carries *CBS Morning News*. These early-morning news efforts lead into the networks' morning news magazines: *Today, Good Morning America* and *The Early Show*.

Weekend News and Information

Although weekday news and information programs receive the most attention, weekend programs include some of the longest-running series in television. In addition, weekend news and information slots allow networks to extend successful program brands such as *Today* and *Good Morning America* into new hours.

Weekend Magazines

ABC, CBS and NBC each program weekend morning magazines. On both Saturdays and Sundays, NBC airs a one-hour *Today* and ABC carries a one-hour *GMA*. CBS offers a two-hour Saturday version of its weekday magazine, *Saturday Early Show*, and also *Sunday Morning*, a 90-minute program that reviews news of the past week and surveys the world of fine art, music, science and Americana. *Sunday Morning*, first with host Charles Kuralt and then with Charles Osgood, has been a fixture on CBS for over 30 years and delivers a surprisingly solid rating for the time period. These weekend shows allow network news divisions to utilize veteran news staff members while also developing and experimenting with new talent on the air.

Sunday News Interviews

ABC, CBS and NBC have traditionally aired public-affairs interview programs on Sunday mornings, and FOX has joined them. The format usually consists of a panel of journalists interviewing recent newsmakers about current issues and events. These shows have longevity rare in modern television: NBC's *Meet the Press*, network television's longest-running program, began in 1947, and CBS's *Face the Nation* began in 1954. ABC inaugurated its own public-affairs show, *Issues and Answers*, in 1960, which was replaced by *This Week with David Brinkley* in 1981. After Brinkley's retirement, the title was shortened to *This Week*, and Christiane Amanpour now hosts it. *FOX News Sunday*, which is allied with the Fox News cable channel, joined the competition in the 1990s. *Meet the Press*, hosted by David Gregory, presently draws the largest audience followed closely by *Face the Nation*, hosted by Bob Scheiffer. *This Week* is third and *News Sunday*, hosted by Chris Wallace, typically brings up the rear.

Although these news interviews do not attract large audiences, they remain on the air for two key reasons. First, all four of *these programs have become important news events in and of themselves*. Elected officials and top reporters appear on them to be seen and quoted; they have a chance to express themselves at length on important issues; and they themselves watch these programs avidly. Their words on Sunday morning television often become Sunday night's and Monday morning's news. This is especially important because Sunday is usually a slow news day. Second, *the programs attract desirable upscale audiences, and as a result, prestigious advertisers are drawn to the shows*.

Despite attractive attributes, many stations are hesitant to clear these relatively low-rated programs on weekends. Affiliates can make more money carrying infomercials or paid religious programming. To provide affiliates with more flexibility, multiple feeds of the programs are scheduled, giving affiliates plenty of scheduling options. However, many affiliates still refuse to clear the time.

Children's Programming

Children's television programming best illustrates the massive industry changes caused by the proliferation of program outlets. Because a child's brand loyalty is to the program and not to the network, an upstart network such as the former WB could leverage its *Pokémon* program in several time spots, making the WB, at least for a time, the number-one network in both the weekday kids' and the traditional Saturday morning children's block.

The dominant position of basic cable network Nickelodeon is further evidence that children are major users of cable television services (see 7.8). Consistently ahead of any of the Big Four broadcast networks in children's ratings, Nickelodeon has used such popular series as *SpongeBob SquarePants, iCarly* and *Zoey 101*, among others, to become *the* major force in children's television (both on cable and at cousin company CBS) and an increasingly powerful force in motion pictures and product licensing.

After decades of dominating Saturday morning children's programming, the rise of Nickelodeon, the Disney Channel, Cartoon Network and the once powerful Fox Kids network drove all three of the older broadcast networks into downplaying the time period. Post-2000, a pattern of leasing kids' shows from cable became the norm. The three-hour ABC Kids, for example, is provided by parent company Disney, which recycles its Disney Channel and Toon Disney cable programming on the network. ABC calls this "New-to-ABC Kids' episodes. Not surprisingly, popular Disney animated theatrical films, such as *Toy Story* and *The Lion King*, provide the self-serving inspiration for many of the programs in the block.

NBC, which abandoned most cartoon programming in favor of *tweens* live-action programming (*Saved by the Bell*) in the 1990s, formed (with ION) the more economical Qubo Kids lineup, airing shows on Saturday afternoons that target 4- to 8-year-olds. The CW is programmed by 4 Kids Entertainment, an offshoot of the major children's television syndicator Saban, presently under the *Toonzai on* CW4Kids label, demonstrating the continuing popularity of Japanese anime for young viewers. FOX, which at one time was a dominant player in children's programming, had abandoned the genre by 2011.

For some years, CBS "rented out" its Saturday morning block to Nickelodeon; then it tried education-blended-with-entertainment for older children, for example, *Wheel of Fortune 2000* and *Sports Illustrated for Kids*. Still slipping in the ratings, in 2007 CBS rediscovered animation, installing a lineup of six new animated half-hour series from Canadian producer Nelvana, under the KOL brand name. Today, the two-hour CBS kids' block is called *Cookie Jar* TV. Despite major efforts, all the broadcast networks must continually struggle against the attractions of cable and websites directed toward children.

In addition to ratings and economics, programmers must also consider factors specific to children's programming. One factor is that federal rules mandate minimum amounts of prosocial and educational programming (see 7.9). Although such rules are often perceived as vague and easily satisfied, programmers in other dayparts do not face such content-specific rules. Even Univision has had trouble figuring out what would be acceptable (see 7.10)

The Children's Television Act also required broadcasters to *air educational and informational children's programming* (knows as E/I). At license renewal time for stations, the FCC is required to consider whether a television station has served the educational and informational needs of children. Broadcasters are now obligated to air programs serving a child's cognitive/intellectual or social/emotional needs. These rules, of course, apply to stations, not networks, but many affiliates and all the O&Os want help from their networks in fulfilling

7.8 "Watching" in New Ways

While kids and tweens still watch a great deal of television, not all viewing habits are equal, and traditional television shows are finding it harder to appeal to older children. Because entertainment programming is now accessible through a myriad of platforms, from home computers to cell phones and iPads, television programmers are increasingly employing cross-platform initiatives to reach school-age kids. Instead of delayed rollout, Cartoon Network's animated series *Class of 3000* launched with a website featuring online sneak previews, streaming episodes, downloadable songs, podcasts, ringtones, wallpapers and messenger icons, plus a funkbox game that lets kids create their own music. Nickelodeon has renamed its 5–7 P.M. programming block *ME:TV* to reflect the proliferation of web-based activities for kids.

Interstitials between episodes of *SpongeBob SquarePants* feature short videos of kids participating in polls and games, and the program showcases videos submitted to *Nick.com* by kids. Viewers can go online to submit questions to Nick's hosts and celebrity guests or visit *www.Nicktropolis.com*, a virtual world where kids create their own avatars and personal rooms in order to play games, interact with network characters and connect with friends. Such activities may seem secondary enhancements to adults, but for children, they are becoming the new definitions of *watching television*.

Nancy C. Schwartz, Ph.D.
The Academic Edge, Inc.

7.9 Children's Programming Requirements

The FCC has long studied children's television programming. Members of the public, including special-interest groups and parents, have repeatedly stated their concerns about "kidvid." The main concerns regarding children's television programming have long been the overcommercialization of children's programming, the blurring of distinctions between program content and advertising messages, and the absence of educational content.

In 1990, Congress passed the Children's Television Act, requiring the FCC to impose advertising limits on children's programming of up to 10.5 minutes on weekends and 12 minutes during the week. The act also restricted the use of host-based commercials, ones that feature characters from the program in the advertiser's message. At the time, for example, a number of commercials featured the Mighty Morphin Power Rangers; the act eliminated those ads featuring the Power Rangers or products with the Power Rangers pictured on them during the airing of *Mighty Morphin Power Rangers* or within 90 seconds before or after the program. Had the commercials aired, then the entire program would have been considered a program-length commercial and, therefore, in excess of the maximum allowable advertising time for one hour of children's programming.

This was a clever stratagem to force stations to exhibit some sensitivity to children's vulnerabilities. The prohibition on host-based commercials was aimed at decreasing the confusion a young child likely has in distinguishing commercials from a show's content. Even before the Children's Television Act, networks (as well as syndicators and broadcasters) usually placed interrupters or bumpers between programs and commercials. Nonetheless, research shows that young children remain confused.

the children's requirements. All of the programs presently offered by ABC, CBS, NBC and the CW on Saturday morning meet the E/I standard. However, the FCC does not specify the number of hours or the actual series that would satisfy the act, so there is always some unease.

After the act was in place, the FCC cited statistics showing that educational programming on the networks had actually fallen from 11 hours a week in 1980 to just 5 hours by the early 1990s. The Commission reacted to these findings by adopting new rules in 1996 designed to strengthen the existing

7.10 Univision's Expensive Mistake

In its most aggressive action regarding children's programming to date, the FCC fined Univision $24 million in 2007. This was the biggest fine ever for an individual company and a shock to an industry that has a history of being rather casual about what is and is not "educational." In the early 1990s, for example, several stations were using *The Flintstones* and *The Jetsons* to fulfill their educational requirements. Univision's fine arose from two years of labeling one of its soap operas as "children's" programming. *Complices al Rescate* ("Friends to the Rescue") follows the lives of two identical 11-year-old girls who swap identities, lose family members and friends, and suffer injustice. Because of the plots' complexity and the many adult themes, the FCC determined that the episodes had little value for children. The telling point was that about 80 percent of the advertising in the episodes was directed toward adults.

act. Chief among these were rules that did the following:

- Established a guideline of a minimum of three hours per week of core programming per television station
- Defined **core** programs as those that are regularly scheduled on a weekly basis, broadcast between 7 A.M. and 10 P.M., at least 30 minutes long, and that have as their significant purpose "serving the educational and information needs of children"
- Adopted new public information initiatives to benefit parents, such as requiring on-air identification of core children's programs and providing this information in parents' guides

Another factor is that children's programming is very much fad driven: Children's interests are fickle and change quickly. Chances are very good that the current *SpongeBob* phenomenon will fade in a few years and be replaced by the next big thing. *Scooby Doo, Power Rangers, Pokémon* and *Teenage Mutant Ninja Turtles* have all had their days in the ratings' sunshine.

Still another factor is that children's television is often an excellent example of the *synergy* so heralded when corporations merge. The most popular programs are used to market a dizzying array of toys, games, clothing, fast food, snacks, videos and motion pictures. One has only to walk through the various children's sections of a major store to see how popular children's programs become strong franchises for marketing a vast array of products, a phenomenon that dismays many parents.

Production and Development Processes

The development process for *animation* is different from that of prime-time or other daytime programs. Development of an animated children's series begins about 12 months before telecast, with pickups of new series exercised in February or March to allow producers six to seven months to complete an order for a September airing. The first stage is a **concept** pitched to the network programmers. The next steps are the **outline**, which describes the characters and the setting, and the **artwork**, which provides the sketches of the characters in several poses and costumes. If a project passes these stages, the next step is to order one or more scripts, which usually go through many drafts before final acceptance.

Pilot programs are rarely commissioned for cartoons because of the long production time and high costs. The usual contract for a season of animated programs to be aired weekly specifies production of only 13 episodes. If it airs any cartoons, the network generally schedules each episode four times during the first season.

The development process for *live action* is similar to that of animation, but it substitutes a **casting tape** for the artwork. In hopes of lowering per-episode production costs or of targeting a slightly older target audience, the broadcast networks have focused on live-action programs for several years.

The large number of repeats that networks can employ offsets the high cost of children's programming to a large degree. Popular children's programs can have each episode broadcast dozens of times over a period of years (besides spending time on cable and being syndicated to stations). Unlike most programs, which lose substantial audience share with reuse, both live-action and animated children's programs are less affected by repeats because the audience changes frequently with a new generation of youngsters to discover every old program. In addition, children generally enjoy the familiarity of program reruns more than adults do.

Despite network cuts, the children's television market remains strong, vital and profitable to networks that have carved out a substantial niche inside the genre. Even with their recent ratings problems, most of the broadcast networks are likely to maintain at least some Saturday morning presence through coventures that allow the broadcast networks to maintain a reduced Saturday morning schedule, but that target young viewers carefully and use the programs with proven popularity on cable and/or in syndication. The advantages for the Big Four are that they no longer have developmental responsibilities for children's programming and no longer need take on the entire financial responsibility.

In addition, even in an era of continuing deregulation of television and equation of the public interest with the corporate interest, the FCC and Congress would likely object to a network's complete abandonment of children's programming. Although always affected by economic cycles and the fickleness of the audience, children's programming is likely to remain popular and profitable because it can be linked to other profit centers in entertainment, motion pictures, video games and the internet.

Late-Night Talk/Variety

The studio-based talk/variety show is a prime example of low-risk programming. Its minimal start-up and ongoing production costs make it a perfect format for the low-budget realms of both daytime and late-night television. On the other hand, it's had its problems (see 7.11) with changing hosts.

Although other genres have been tried, the talk show remains the network genre with the greatest longevity in the late-night time period. Currently, NBC airs three consecutive talk shows *(The Tonight Show with Jay Leno, Late Night with Jimmy Fallon* and *Last Call with Carson Daly)* in the late-night period; CBS airs two talk shows *(Late Show with David Letterman* and *The Late Late Show with Craig Ferguson*); while ABC competes with *Jimmy Kimmel Live* following *Nightline*. FOX has failed several times to develop competing talk/comedy programs *(The Late Show Starring Joan Rivers, The Wilton North Report, The Chevy Chase Show)* and presently does not program the daypart.

As in prime-time series development (see Chapter 2), pilots are often produced for nighttime talk shows. Producers test a variety of elements prior to a talk show's release in attempts to gauge a show's potential: Commonly examined are the sets, the band, the sidekick, and the pacing of the show, but of course the key is the appeal of the host. When a network signs a major star to a talk-show contract, the network may decide to economize by producing **rehearsal shows** rather than a full-scale pilot. The late-night talk show has some of the same benefits of the morning talk show. The talk show can promote network offerings by booking same-network guests. A well-known celebrity appearing in a forthcoming made-for-TV movie can make a timely appearance on Leno or Letterman to promote the show's exact airdate and airtime.

After the merry-go-around (Version 2.0), late night gradually settled down. On NBC, Leno's *Tonight* (Version 2.0) is currently followed by *Late Night with Jimmy Fallon* and then *Last Call with Carson Daly* (a popular former MTV personality).

CBS's decision to gamble on David Letterman after he left NBC was a win. CBS had been struggling in third place in late night, and its new *Late Show with David Letterman* gave CBS an instant ratings success in this time period. Following *Late Show's* success, the network lured Tom Snyder away from his cable talk show on CNBC and gave him his own program, *The Late Late Show*, following Letterman. After Snyder retired, CBS hired Craig Kilborn, former host of Comedy Central's news spoof *The Daily Show*. After Kilborn's departure, comedian/actor Craig Ferguson took over the hosting duties.

7.11 The Late-Night Merry-Go-Round

Although not the first network late-night program (NBC's *Broadway Open House* has that distinction), NBC's *The Tonight Show*, with an over 55-year run, is the model for all television talk/comedy/variety programs and a model of stability with only five regular hosts in five decades: Steve Allen, Jack Paar, Johnny Carson, Jay Leno, Conan O'Brien, and Leno again. Carson, the host of *The Tonight Show* for the three decades from 1962 to 1992, was such a mammoth ratings success that the network added a one-hour show following *Tonight*: *The Tomorrow Show* with host Tom Snyder, which ran from 1973 to 1982.

After guest-hosting frequently for Carson, David Letterman was given his own daytime show on NBC in the 1980s. Because of low clearances and low ratings, his program lasted only four months. Guessing that Letterman's offbeat style might better suit late-night audiences, NBC replaced Snyder's program with the now-legendary *Late Night with David Letterman*. Letterman developed a cult following among young viewers, particularly college students, who made up a large portion of the show's audience.

Letterman's show attracted an especially desirable target audience with little falloff toward the end of the program, and to capitalize on the potential flow of viewership, NBC added another half-hour to its late-night lineup in 1988. The show, *Later*, was originally hosted by NBC sportscaster Bob Costas.

When Carson retired from *Tonight* in 1992, NBC had to decide who would replace him. Of its two final candidates, the network chose stand-up comic and frequent guest host Jay Leno over Letterman (driving Letterman to CBS after he lost this too-long too-public decision). Because *Tonight*'s audience had aged dramatically toward the end of Carson's reign, Leno retained the opening monologue that Carson had made famous but changed the show's style, band and routine to draw a younger audience. Leno's musical guests were selected with careful attention to the younger target audience. *The Tonight Show with Jay Leno* has been consistently the highest-rated of the network late-night programs.

With big ballyhoo, Conan O'Brien moved from *Late Night* to *Tonight* in 2009, and former SNL star/actor Jimmy Fallon took over *Late Night*. O'Brien had been promised the *Tonight* show back in 2004 at which time Leno was initially supposed to retire. Instead, in 2009 Leno was awarded a nightly prime-time program (10:00 P.M. M–F) which turned out to be a major failure so serious that it harmed all of NBC's prime-time schedule—a harm that still hadn't been rectified years later. So O'Brien finally got the tonight slot, but his ratings on *Tonight* were less than had been expected and considerably less than what Leno had been generating at 11:30. So Leno's prime-time program was cancelled early in 2010, and after O'Brien vocally refused to give up the 11:30 time spot, he was dumped and replaced by the return of Leno. (With renewed publicity, O'Brien moved to TBS and started a new talk/variety program, *Conan*.) This game of musical chairs was a major embarrassment to NBC and the most controversial and publicized event in prime time since the Leno/Letterman struggle to replace Carson in the early 1990s.

Prior to acquiring the services of Letterman, CBS had run original dramas (most of which were relatively inexpensive international coproductions) and repeats of prime-time programs. However, CBS had long sought its own "signature" talk-show personality to compete with Carson. First with Merv Griffin in the 1960s and 1970s and then Pat Sajak in the late 1980s, the Eye network failed to make a dent. Carson's departure and NBC's choice of Leno over Letterman to host *The Tonight Show* allowed CBS to obtain Letterman. Although rarely winning the time slot, *Late Show* has been a highly lucrative program for CBS.

The success of Letterman led ABC to try unsuccessfully to woo him away from CBS. ABC, even more than CBS, has consistently failed to establish late-night stars. From Les Crane in the early 1960s through Joey Bishop, Dick Cavett, Jack Paar and Rick Dees over the years, ABC has found limited late-night success with repeats of prime-time dramas and, since 1981, with ABC News's *Nightline*. Before 2003, ABC tried *Politically Incorrect*, a

7.12 Late-Night Network Ratings Season Cumulative as of May 2011

Program	Network	Number of Viewers	A 18–49 Rating
Nightline	ABC	4.0 million	1.0
Tonight (Leno)	NBC	3.9 million	1.0
Late Show (Letterman)	CBS	3.6 million	0.9
Late Night (Fallon)	NBC	1.8 million	0.6
Late, Late Show (Ferguson)	CBS	1.8 million	0.5
Jimmy Kimmel Live	ABC	1.7 million	0.5
Last Call (Daly)	NBC	1.0 million	0.4

"Gorman, Bill. (2011, May 12). Jay Leno and Jimmy Fallon Deliver #1 Finishers vs. ABC and CBS Competition for Late Night Week of May 2-6." *TB By The Numbers. http://tvbythenumbers.zap2it.com/2011/05/12/jay-leno-and-jimmy-fallon-deliver-1-finishes-vs-abc-and-cbs-competition-for-the-late-night-week-of-may-2-6/92379/.*

comedy/political discussion program, in the post-*Nightline* slot, but declining ratings and, according to many observers, the controversial post-9/11 comments of host Bill Maher led to cancellation. Its replacement, *Jimmy Kimmel Live*, is a Hollywood-based talk program hosted by a cable personality best known for his appeal to young men via Comedy Central's *The Man Show*.

FOX had three notable late-night talk-show failures prior to withdrawing from the daypart. None of the three—*The Late Show Starring Joan Rivers* (1986 to 1987), *The Wilton North Report* (1987 to 1988), and *The Chevy Chase Show* (1993)—attracted significant audiences away from competing talk shows. As of 2011, only the Big Three competed against cable and syndication for late night viewers on weeknights (see 7.12). With cable increasingly competitive in late night with its own talk/variety or comedy programs (*Daily Show, Colbert Report, Conan, George Lopez*) there is little opening for FOX to re-enter the fray.

Late-Night Weekend Entertainment

Programmers of late-night (11 P.M. to 1 A.M.) weekends generally attempt to reach viewers aged 18 to 34, but they face competition from a variety of sources in this daypart. First of all, on any given Saturday night, many in the desired target audience have other things to do than watch television. Second, cable and syndicated movies capture substantial audiences among this age group. As a result, to reach young adults, networks have tried to grab attention with truly unique programs on Friday and Saturday nights, including outlandish comedy, news and music formats. With only a handful of exceptions, however, they have been unsuccessful, so affiliates fill late-night weekend time with syndicated fare and infomercials.

One of the rare successes in network late-night weekend programming history is NBC's *Saturday Night Live* (*SNL*). Debuting on NBC in 1975, *SNL* remains an often innovative 90-minute comedy/variety program airing on Saturdays at 11:30 P.M. *SNL* features regular cast members and a different guest-star host each week. Ratings sometimes reach 6.0 total and close to 3.0 in Adults 18 to 49—huge ratings for a time period when HUT levels are so low. In some weeks, *SNL* out rates all other Saturday night network programs including prime time. Many former cast members have become famous film and prime-time television stars, including Chevy Chase, Mike Myers, Bill Murray, John Belushi, Eddie Murphy, Dana Carvey, Chris Rock, Adam Sandler, Will Ferrell, Amy Poehler and Tina Fey.

Because producing a fresh 90-minute sketch-driven comedy is so demanding, NBC occasionally gives the cast and writers a rest and has offered some specials and a variety of packaged, thematic best-of-*SNL* shows in its time slot. During the crucial November, February and May ratings sweeps, however, first-run shows air for at least three consecutive weeks.

As is the case with most successful series, *SNL* has had its imitators over the years, the most obvious being ABC's *Fridays* that lived and died in the early 1980s. So far, *SNL* has had only one long-running network competitor, FOX's *MADtv*, which ran from 1995–2009. Similar to *SNL*, it uses a repertory company of young comedians performing comedy sketches, including popular culture satires and recurring character bits. The one-hour program started at 11 P.M., a half-hour earlier than *SNL*, allowing it to counterprogram the local news on NBC affiliates and bridge the start of *SNL*, thus capturing viewers interested in comedy before *SNL* takes the stage. In late 2006, FOX began to program the 12 to 12:30 A.M. post-*MADtv* spot with *Talkshow with Spike Feresten*, and alternate this with repeats of prime-time series. Both *MADtv* and *Talkshow* left the air in 2009 to be replaced by *The Wanda Sykes Show* that lasted only one season. Reruns of *Fringe* and a reality competition program entitled *30 Seconds to Fame* were being scheduled by FOX by 2011.

The Effects of Consolidation and Cable

Network non-prime-time programming is in transition. There is no question that daytime, weekend and late-night programming can be lucrative dayparts. The combination of relatively low costs for program production (with the exception of sports) and loyal audiences has produced substantial profits. Why then are many of the remaining network programs losing audiences? Why have the networks scaled back or abandoned their programming in some of these dayparts (for example, NBC on weekday afternoons, FOX in late night)? The answers to these questions lie in the changing nature of the broadcast network television industry in the early years of the twenty-first century.

The huge profits from daytime and some other nonprime dayparts are no longer a secret. *Local stations now realize that they can generate much more revenue from syndicated programs or even infomercials than they can from the compensation (cash and/or advertising availabilities) offered by networks for clearing their programs* (see Chapter 8). This has reduced clearance levels for non-prime dayparts and led to the scaling back of network offerings. Because of low clearances, the newer broadcast networks have not even attempted to program many of the non-prime dayparts.

However, there is no need to worry about the networks. Their corporate owners are increasingly the owners not just of cable networks, but of both the local stations and the syndicated programming that has replaced network programming on those stations in many nonprime dayparts, and they are buying up online services (witness Hulu). The Big Four networks constitute the largest owners of major television stations, and their O&Os are typically much more profitable than their networks. In addition, coventures, such as seen on Saturday mornings between cable networks, broadcast networks and syndicators, are likely to become the norm in other time periods and spill over into the internet and as offerings for mobile media. *The old lines of demarcation are rapidly dissolving in the television industry—as they did a generation earlier in the radio industry.*

Several non-prime network programs continue to have fiercely loyal audiences. The problem for the networks is that these audiences are aging and not being replaced by younger viewers who are divided among many more viewing options (and other entertainment media) than were their parents. In particular, programs that have traditionally drawn a loyal but older audience (soap operas, news) must adapt or run the risk of becoming unprofitable—at which point they will likely be so altered as to be unrecognizable or simply disappear.

The most important factor to consider with regard to both the present and future of nonprime network programming is this blurring of the traditional distinctions between network, syndicated and cable *programs*. Relaxation of the financial interest and syndication rules (see Chapter 1) allowed networks to establish themselves as program suppliers to affiliates and nonaffiliates. Increasingly, broadcast networks are both programmers and syndicators both domestically and internationally. The continuing relaxation of the television station ownership cap has made the corporate owners of the broadcast networks more active program buyers.

While integrated station and network ownership can be used to guarantee clearance for a network program, it can also be used as clout for "sibling" syndicated programming. For example, the revenue goals of a Viacom/CBS-owned television station might be fulfilled by a CBS network program. On the other hand, it might be more lucrative for the station to acquire a syndicated program such as *Dr. Phil* from King World (a syndicator owned by Viacom) or a film from Paramount (another Viacom Company). The parent company (in this case, Viacom) cannot lose in any of these scenarios. Moreover, Viacom can use its clout to gain the necessary clearance for a new syndicated offering in exchange for the rights to a successful show. In addition, Viacom is not tied to the needs of CBS or its local affiliates and can auction off its syndicated offerings to whatever local stations are willing to pay the most. Viacom (or Disney, FOX, NBC Universal, Time Warner) cannot lose.

This is the new television. The low HUT levels in nonprime time have allowed the big media conglomerates to experiment in the "new world" of television programming. There is much more change to come in all dayparts, as the decades-old distinctions between broadcast networks, cable networks, syndicators and program producers fade into the fog of corporate consolidation and the rise of online and tablet television.

Note

1. Despite the demise of regularly scheduled sports anthologies on the networks, the *Wide World of Sports* brand continues as the name of a sports entertainment attraction at Disney World. The Walt Disney Co. is, of course, the parent company of both ABC and ESPN.

CHAPTER

8

Television Station Programming Strategies

Robert B. Affe

Chapter Outline

The dinosaur could not adapt to a radically changed environment … and died out; Somewhat more recently, vacuum tube manufacturers lost their market to transistors; film cameras were replaced by digital cameras. In business, as in biology, the key to survival is adaptation. Media companies of the past that have ridden the peak of the wave of technological, economic and demographic change have prospered; those companies able to merely cope with change have hung on to survive, if only temporarily; companies that failed to meet the demands of change have been extinguished. The dynamics of programming a television station have radically changed over the last 15 years or so, buffeted by overdue regulatory reform and technological revolution in the form of digital communications. Consider the impact of the internet, digitized signals and personalized mobile communications devices. Whereas most individual stations were programmed autonomously ("inside the building") for most of the twentieth century, today the television station is at the end of a pipeline of business imperatives imposed from above. (The sole exception is news programming, discussed later in this chapter.)

On many levels—technological, financial, demographic, marketing and regulatory—broadcast programming is hurtling through creative and economic developments that are breathtaking to its viewers and gut-wrenching to its participants. Now that the predictability and easy profitability of past decades have declined markedly, station owners, programmers and industry observers warily look to the horizon to see what lies ahead.

The Regulatory Wave

The two waves that broke over the programming business formed far offshore during the 1990s; one flooded the business immediately, with a long term impact; the second wave took a longer, slower time to crest, but had an equally formidable consequence. The first was regulatory reform, which had several parts. For starters, after decades of patchwork revisions, in 1996 the U.S. Congress finally revamped the enabling legislation of the electronic media business, the (antique) 1934 Communications Act. The effect on the programming business was profound. Numerical restrictions on station ownership were lifted. Media companies could own, theoretically, as many stations as they wanted (and the giants wanted a lot!), up to a cumulative population reach of 39%. Almost immediately, television station companies were no longer small, informal collections of media properties. The economies of scale created by the 1996 act imposed a discipline of managerial realities from above, affecting production, purchase, scheduling and promotion at television stations.

Some of the most enthusiastic station-buyers were the networks themselves. Always at the vanguard of the economies of scale that drive commercial television, three of the four major networks leapt to add to their portfolio of stations. By 2011, FOX owned 17 stations, CBS owned 14 stations, and NBC 10. Only ABC held back with a smaller portfolio of 8 stations.

For station programmers, the most visceral change was the fact that the relationship between the local station affiliate and the network was uprooted. Always precarious and wobbly at best, the balance between the powerful national programmer and the local outlet was tipped unequivocally toward the network. The days of the locally owned and operated commercial television station were over. The first and second generations of station owners sold out … and moved on.

Another regulatory change with convulsive impact was the FCC's decision to let the networks return to the lavishly profitable business of program syndication. This abrogated the established financial-syndication rules (fin-syn) and ripped program-making away from the independent producers and put it into the hands of big studios with which the networks had close "marital" relationships (Disney owns ABC, Paramount once owned CBS, Fox owns FOX). Once free to do so, it was an easy play for networks to produce their own programs and then reap the profits of selling them in the programming aftermarket. Soon the independent producers were finished off (as described in Chapter 2), and the Hollywood studios made theatrical movies and television largely for the favored network.

Finally, the FCC has backed away from its traditional insistence on a local orientation for broadcasting. The result has been an increase in the quantity of affiliates of some network and an overall decrease in the number of unrelated (independent) station owners. Another by-product has been more substitution of remote owners for local ones and a concomitant decrease in locally produced programs.

The Digital Wave

No business operates in a vacuum, immune to outside forces, and television programming is no exception. Many factors affect the environment in which a station makes decisions about program selection, scheduling, evaluation and promotion. In technology, the major change has been the adoption of digital signal transmission. As of 2009, all licensed stations (which excludes cable) were required to broadcast a *digital signal* (although some stations sought exemptions from the FCC). This has resulted in superior-quality signals, although they are not necessarily in high-definition formats and do not necessarily result in better reception for all receivers.

At the same time, stations acquired the ability to *multiplex*—to send several channels of programming on their assigned frequency—while previously they could send only one channel. *From an economic perspective, going digital required an enormous financial outlay, and the station owners thought multiplexing would provide compensating income.* Moreover, as an advertiser-supported medium, broadcast television is hyper-responsive to the overall national economy. When the economy expands, advertising budgets likewise expand; in a period of economic contraction, advertising budgets are usually among the first budgets cut by companies.

Another pressure comes from new and intensified competition—first from cable, then from the internet and mobile media. Networks and their affiliates no longer capture the majority of television viewing. Combined ratings for the top 20 cable networks now often equal or pass broadcast ratings. Yet the broadcasters were slow to convert to digital signals and continue to be slow to convert to HD.

And the demography of the audience is altering. More affluent viewers are abandoning the networks in droves; younger viewers are, too, finding that the flexibility of the internet and mobile media better suits their lives. The median age of television viewers is rapidly growing older (past 50 years of age), accelerated by the fact that younger consumers spend increasing amounts of time in online and gaming pursuits. In a business that relies on young, brand-conscious consumers, the graying of America signals a demographic derailment for national advertising via broadcasting.

Sources of Television Programs

In nearly all circumstances, station decisions about programs are evaluated for both their creative (content) and financial (business) considerations. When home viewers enjoy—or disparage—a program on the screen, what they see is the result of professional programmers' evaluations of that show's relative creative and financial merits.

Nearly all programs are *produced* by one of four entities: the networks, the television production divisions of the movie studios, the very few remaining independent producers (more common in radio broadcasting than television now), or the local stations themselves. A producer needs a customer for any program, and television programming is relayed to homes via one of three outlets—from a network to its affiliates, from a syndicator when purchased by the station or its group, or from original production at the station (called *local*). The chart in 8.1 illustrates how several popular programs have come to the screen via different producers and modes of distribution.

Not all networks are program producers because two are co-owned and operated as a unit with the dominant network. ABC, CBS, FOX and NBC are active producers, but CBS/TW-owned CW and FOX-owned MNTV are not; they carry mostly syndicated or "repurposed" product from their parent companies. Both Univision (UNI) and Telemundo (TEL, owned by NBC) produce a wide range of Hispanic programming—and import from Mexico as well—but TeleFutura (TEF), owned by UNI, produces primarily sports.

8.1 Program Distribution

	Produced by:		
	Network/Station	**Movie Studio**	**Independent Producer**
Distributed via:			
Network	*NBC Nightly News* (NBCUniversal)	*CSI* (CBS)	*America's Got Talent* (Freemantle North America)
Syndication	*Rachael Ray Show* (CBS TV)	*Ellen* (Warner Bros)	*Wendy Williams Show* (Debmar)
Local station	Local newscasts (self-produced or repeated from another local station)	—	—

For purposes of discussing programming, here are three classifications of stations. Most visible are the network owned-and-operated stations (the *O&Os*, pronounced "oh and ohs"), which are generally the top stations in the biggest markets. For example, ABC-TV, Inc., (owned by Disney) in turn owns the ABC Television Network, which in turn owns and operates eight television stations, among them WABC-TV (New York), KABC-TV (Los Angeles), WLS-TV (Chicago), WPVI-TV (Philadelphia) and KGO-TV (San Francisco). In the shorthand of the television trade press, it is often reported that a network has "made" or "lost" money. That is a largely inaccurate way to report the fortunes of a broadcasting company. It is important to remember that network television is a *program service*; in other words, it is an *expense*. The network's programming service is not designed to maximize profit. The *real* money is made by selling commercials in high-rated programs at the network-owned stations. This is why the networks continue to beef up their portfolios of owned stations and aggressively lobby Washington to raise the limits on station ownership still further.

As you undoubtedly know, *affiliates* are stations that have agreed to run all the programs distributed by one of the nine major commercial networks and have signed an affiliation contract. The Washington Post Company, for example, owns six television stations, and its Houston station (KPRC) is affiliated with the NBC network and has the exclusive right to run NBC's programs in the Houston television market. It is called a *network-affiliated station*. Other stations owned by the Washington Post Company, however, are affiliates of other networks.

A true *independent station* has no formal relationship with a network and instead obtains its programs from a variety of sources, mostly syndicators or rerun programs. During a brief 15-year period (roughly from 1980 to 1995), independents sprang up across America, corresponding to a spurt in the economy and consequent demand for advertising time. The economy was *so* good, in fact, that four new networks—FOX, PAX, UPN and the WB—were formed, and most of the then-independent stations chose affiliation.

Today, most of the former UPN and WB stations are affiliated with the CW or MNTV (PAX died and eventually reemerged as ION—which morphed quickly into a syndication service). In addition, more than 200 stations are O&Os or affiliates of one of the Spanish-language networks (Univision, Telemundo, TeleFutura or one of the smaller networks). However, the number of owned stations and affiliates varies widely for the nine biggies (see 8.2).

Altogether, 95 percent of all commercial broadcast stations today are either O&Os or affiliates of one of the nine commercial broadcast networks. In addition to ION, a few very small broadcast television networks exist alongside the well-known ones, for example, America One (formerly Channel America), MTV2 (formerly The Box), and Trinity Broadcasting Network (TBN) and other religious networks. They

8.2 Network Affiliates and Owned Stations

	Owned Stations	Affiliates*	U.S. Penetration
ABC	8	218	96.8%
CBS	14	204	96.9%
CW (CBS/TW)	—	195**	95%
FOX	17	180	96.1%
ION	58	95	83%
MNTV (FOX)	—	167	96%
NBC	10	207	97%
TeleFutura (Univision)	18	34	75%†
Telemundo (NBC)	13	50	93%†
Univision	19	66	97%†

*America One, for example, has 152 affiliates, but they are low-power, cable and satellite affiliates only; moreover, the network is not promoted on the air, so its affiliates appear to be independents.

**CW also has 15 cable-only digital affiliates.

†These percentages are of Spanish-speaking households, not total TV households.

tend to have secondary rather than primary affiliations, largely with digital-cable or low-power or very small market stations. If they have primary affiliations, these tend to consist of less than a handful of stations.

Network Programming for Affiliates

In television, the station–network relationship is modeled on the pattern established in the days of radio. The operators of the first radio stations quickly realized that broadcasting's programming demands were an all-consuming flame. As difficult as it was to create programming for large-city stations in the early days, it was nearly impossible for smaller-market stations to fill their program days. The owners of WEAF, including General Electric, fed that station's programming to their co-owned station in Washington, D.C., WCAP. In effect, the cost of that program to the local station was zero. That experiment was so successful that when stations outside the company clamored for programs, General Electric created a relationship in which the company would send programs through long-distance telephone lines to the local station. In return, GE inserted their commercials inside the program, and at the program's conclusion, the local station could air its own commercials. Thus the first network was created.

Subsequent networks, including television and cable, continue to be patterned after this model. *The classic network model maximizes the economies of scale in the broadcasting business because the cost of producing one program can be spread over hundreds of affiliates*. In return, with one commercial, an advertiser can have its message sent nationwide in the same program at the same time. In network-distributed programs, the network keeps approximately three-quarters of the commercial time, and the affiliate retains a quarter of the time for sale, traditionally the source of immense profitability.

Another advantage is that the local affiliate has *exclusivity*, the sole right to the network's programs (or at least, the right of first refusal). The full-service networks (ABC, CBS and NBC) supply about 12 to 16 hours of programming daily to their 200+ affiliates—nearly 100 hours per week across all time periods—which is about one-half to two-thirds the amount a station needs. UNI supplies even more hours to its affiliates. Getting the rest is the primary occupation of programmers at the stations (and the other networks supply even fewer hours, making the programmer's job much larger).

But downsides to the network–affiliate relationship exist. Some affiliates are weak stations with poor signals, low-rated newscasts or overall inadequate performances, all of which disadvantage a network and cause it to look for stronger affiliates. From the affiliates' perspectives, some networks' programming is rated lower (the CW, MNTV, TeleFutura) than that of other networks—or a network's specific programs might not be as popular in a particular market as in the country overall. For example, ABC has traditionally targeted the urban audience, but some of its affiliates are in rural locations where urban material doesn't always suit the viewers. Nonetheless, both networks and affiliates need each other to provide what they themselves lack: The networks lack local presence, and the affiliates lack the financial resources to program all their broadcast days.

The Big Four

At the apex of their dominance and profitability in the late 1970s, the Big Three—CBS, NBC, ABC—attracted more than 90 percent of all prime-time viewing and advertising dollars. By the early 2000s, their collective share of prime-time viewing had slipped beneath 35 percent. Although alternative forms of video entertainment, in the aggregate, have chipped away at the networks' near-monopoly of television, commercial network television continues to remain the best vehicle for mass advertising in America and thus continues to be economically viable. The newer broadcast networks, the cable networks and internet websites attract higher concentrations of narrowly targeted audiences, but they cannot come close to contesting the networks for delivery of mass audiences.

In 1994, FOX upended the cozy three-way balance that had operated for four decades. Initially, FOX's affiliates were former independent stations, usually the highest-rated independents in their respective markets, but still inferior in audience share and revenue to their competitors, the affiliates of the long-established networks. In addition, most of the FOX affiliates lacked newscasts. Chairman Rupert Murdoch soon put them on notice that his affiliates would produce local news—or lose the FOX affiliation. FOX successfully raided many traditional affiliate rosters, especially those of CBS, and the Big Three reluctantly became the *Big Four*. FOX captured the crown jewels of the industry by acquiring the broadcast rights to NFL football starting with the 1994 season. By securing the NFL rights, other affiliates suddenly saw the immediate threat of losing loyal viewers, irreplaceable revenue and an unmatched platform for promoting network programming. The impact of the NFL deal shook the underpinnings of the relationship between the Big Three networks and their affiliates, particularly for CBS, whose affiliates opened their eyes to the advantages of switching their allegiance to FOX.

Before 1994, affiliation switches were rare. Viewers, broadcasters and networks basked in the security of loyal, long-term relationships. When FOX announced a series of affiliation switches in major markets, it unleashed a flurry of activity, breaking a logjam and causing a downstream realignment of affiliates in nearly every large market in which the Big Three networks did not already own stations. In Philadelphia, Boston, Detroit, Dallas, Atlanta, Cleveland, Seattle, Tampa, Miami, Phoenix and many other markets—covering nearly one-quarter of the U.S. population—one or more long-term affiliation relationships were broken up, and FOX substantially upgraded its affiliate lineup. By doing so, it achieved station *parity* in network television (reaching equal numbers of households via roughly the same number of owned-stations and affiliates).

CBS was severely wounded by the raid on its affiliates. The network lost decades-long relationships in large markets and had to spend scores of millions of dollars in advertising, promotion and publicity, introducing viewers in many markets to the local channel that was the new home of CBS. The costs were more than monetary; in many cases they were a slap to the prestige of the "Tiffany Network." In Detroit, for example, CBS lost its Channel 2 affiliate to FOX and had to decamp way up the dial to Channel 62. (It was not exactly in the same spectrum with police and fire calls, but it was close, from CBS's perspective.) In Miami, CBS lost its traditional position on Channel 4 and moved to Channel 6, which had a serious signal-reception problem in the northern half of the market. In Atlanta, CBS lost Channel 5 and moved to Channel 46. CBS was staggered by the FOX raid, and it took years for the network—and thus its affiliates—to recover.[1] Today, CBS, NBC, ABC and FOX have between 197 and 226 affiliated stations each (including O&Os) on their rosters.

The Small Ones

In January 1995 two new networks debuted in the same week: "The WB", owned principally by Time Warner, and "UPN", originally owned by Paramount and Chris-Craft Broadcasting, then by Viacom/CBS. These so-called netlets did not provide the full programming slate to their affiliates. Instead, the WB and UPN focused on the heart of a station's schedule, the prime-time hours, adding young-adult-skewing programming and children's animation on weekdays and weekend mornings. The new networks patterned their rollout on the model devised by FOX in its early years, introducing one or two nights of prime-time programming per year.

After a decade of low ratings, CBS and Time Warner shut down the networks, and in about the blink of an eye, came up with the CW, cherry-picking the old schedules for the best programs. Since the new network could have only one affiliate per market, it captured the best ones (sometimes stealing from the Big Three because NBC's programming was ailing at the time). That left dozens of former UPN stations (many owned by FOX) and others without a network, so FOX invented MyNetworkTV (MNTV, named like FOX's MySpace.com).

The new networks' game plans avoid competing for ratings with the Big Four across all dayparts. Instead, the CW and MNTV program only when they can be competitive, which means primarily prime time, and primarily weeknights. Even FOX does not program three hours of prime time every night, unlike the Big Three. FOX programs two hours, then expects its affiliates to air late news at 10 P.M. (9 P.M. central) to get the jump on the late newscasts aired by affiliates of the other networks. Affiliated broadcasters are left with large portions of weekdays and weekends to fill.

The other English-language network, Paxson, launched its PAX service in 1998, concentrating on family-friendly programming, both first-run and syndicated, and morphed into ION in 2007 (after a couple of other tries at a new name), but it lagged in ratings and familiarity to audiences. In order to foster programming without sex and violence (suitable for family viewing), it attempted to tightly control the programming of its affiliates using a contract that limited the carriage of syndicated series. Many affiliates soon abandoned the contract, ignoring it and eventually jumping ship for more popular programming from MNTV or the CW. Consequently, ION stopped trying to be a network and shifted to a rerun service, purchasing long sets of older off-network series, currently offering *Without a Trace* (over and over), *Ghost Whisperer* (over and over), and lots of *Criminal Minds*. Dropping its "holier than everyone else" attitude, it carries *Look Sexy Now*. It does not produce newscasts or live talk, instead filling time with paid programs (mostly religion) and informercials.

One of the major benefits of the FOX, CW and MNTV affiliations is that they give a network-quality look to their affiliated stations, which were predominantly weak independent stations before the mid-1990s. As much as any other factor, by their guerrilla style of picking off younger network audiences, the newer networks have contributed to the blurring of identities between affiliates and the former independents. Independents used to be characterized by a "local" look ("local" used pejoratively in this case), providing prime-time programming consisting of old movies and even older syndicated products. Today, it is virtually impossible to distinguish between the two former classes of stations in network prime time.

The Spanish-Language Three

One of the huge success stories in broadcasting in the last generation has been Spanish-language programming. The Hispanic population of the United

States is now the largest minority population, as well as the fastest-growing minority. Furthermore, this population is densely settled along the states bordering Mexico (Arizona, New Mexico, Texas), and the Mountain states, with significant population clusters in Florida, North Carolina and metropolitan New York, Chicago and Atlanta. The three major Spanish-language services—Univision (and its sister network, TeleFutura), and Telemundo, owned by NBCUniversal—overwhelm markets that have a strong Spanish-speaking presence. Indeed, UNI typically outdraws English-language competitors in many time periods and has altered the national advertising market.

Spanish-language broadcasting is concentrated in markets with large *absolute* numbers of Hispanics (New York, Los Angeles, Chicago, San Francisco, Dallas, Miami) and also with large *percentage* numbers (Austin, San Antonio, Albuquerque, Bakersfield). The Hispanic population of the United States was officially (at least) 16 percent as of 2011, projected by the U.S. Census Bureau to increase to 20% in 2030, and to 30% in 2050.

Univision, a publicly traded independent company (formerly Spanish International Network or SIN), was founded in 1962 and was the first non-English-language network in the United States. It owns 18 full-power and 8 low-power outlets, has 66 broadcast affiliates and is carried on about 18,000 cable systems, FiOS and both satellite services, giving it reach into nearly all of the 210 broadcast markets. It has been the fifth-largest U.S. television network for many years. Its best-known programming consists of Mexican telenovelas produced by Grupo Televisa, major international sporting events—especially soccer—and *Noticiero Univision*, its nightly newscast.

Its co-owned sister service, TeleFutura, schedules to compliment Univision's programming on another 18 full-power and 15 low-power owned stations and 34 broadcast affiliates, along with about 270 cable affiliates. In addition to such blockbuster programming as *Sabado Gigante*, soccer and hot telenovelas, both networks carry newscasts and some noncommercial programs. In 15 markets, their duopoly status puts UNI/TEF stations near the top of all stations.

Univision also owns the cable network Galavisión, some music services, Univision Radio and *www.univision.com*, a very popular website. In addition to its efforts to capture a younger demographic, Univision claims to have the largest unduplicated prime-time audience, with two-thirds of its viewers unavailable to any other network.[2] During hot soccer matches, Univision sometimes leads ALL U.S. networks in prime time in adults 18–49. One year, the highest recorded rating for Univision (a 35.9) was a tribute to the murdered Tejano singer, Selena. As a further measure of its influence, the concept for the Univision serial, *La Fea Mas Bella*, was licensed and re-introduced on ABC as "Ugly Betty."

Telemundo (TEL) is the second-largest producer of Spanish-language television programming in the world, and the second-largest Spanish-language television network in the United States. Founded in 1954, Telemundo has about 160 broadcast and cable affiliates. As a symbol of the growing importance of the Hispanic advertising market, Telemundo was purchased by NBC in 2002 and gained substantial financial support for program production, both for its own affiliates and for shows for international distribution. Because of its majority stake (51%) in NBCUniversal, Comcast now owns Telemundo, solidifying the network's domestic presence on about 600 cable systems, in addition to ownership of six full-power and five low-power stations with 50 broadcast affiliates. This combination gives TEL video presence in about a quarter of U.S. television markets. Its popular movies, reality programs, talk shows and telenovelas make it the No. 2 network TEL offers the largest amount of bilingual programming, with English subtitles, because it distributes internationally as well as targeting U.S. Spanglish speakers.

Another Spanish-language network, Azteca America began operations in 2001. Headquartered in Los Angeles, this network has approximately 60 affiliates, receives some of its programming from its sister network in Mexico, and reaches nearly all the Hispanic market in the States. The Hispanic population is younger than the population as a whole, a particular advantage for broadcasters who can attract them. Its median age is 27.4, versus the overall median population age of 36.8, and the Hispanic audience has a higher percentage of young adults and children, making it ideal for national consumer advertisers. Traditional package-brand advertisers now allocate larger budgets to reaching this audience, and the profit potential of Spanish-language networks and their stations has become self-evident. For example, at times, in Los Angeles, Miami and Fresno ratings, Univision stations have led their markets in adults aged 18 to 49 and adults aged 18 to 34 across the entire broadcast day. Combined with the increasing household income of Hispanic families, Spanish-language broadcasting is a growth segment in an otherwise-mature (and threatened) broadcasting business.

The Network–Affiliate Agreement

Each party to an affiliation makes specific promises to the other party; the legal document binding both parties is called an *affiliation agreement* (and sometimes programmers go around moaning that they can't do something because of "the agreement"). To summarize, the network agrees to provide its program service to the affiliate on an exclusive basis. *Exclusive* means that only one station in each market may broadcast the network's programs (except that refused programs can be licensed to another station). Further, the network will pay the affiliates a negotiated fee for broadcasting its programs. This fee is called *network compensation*, or just plain *comp*. Network compensation can easily exceed $1 million per station in the larger markets. Ironically, comp is more important to stations in the smaller markets, where it can represent up to 10 percent of total revenues and spell the difference between profit or loss for the affiliate.

In return for comp, the affiliate promises to broadcast the programs as delivered by the network and to allow the network to retain about three-quarters of the commercial time within each network program (to sell the time in the national market). *The exchange of local commercial airtime for network programming is the justification and foundation for the entire network–affiliate relationship*. This is the central idea of the network–affiliate relationship (see 8.3). For example, one variable in a commercial station's profit formula is the number of advertisements it can air. Although the number of commercials allotted to an affiliate is only about one-quarter of the total number of ads in a given program, small variations in that "about" can mean the gain or loss of a lot of money for the station.

As you probably know, the commercial breaks for the local station are called *station breaks* or *adjacencies*. In a half-hour program, the affiliate's commercials come at the end of the program; the network's commercials fall within the more desirable real estate—within the program itself. In an hour-long program, half the affiliate's commercials fall at the end of the program, half within, while (again) all the network's commercials occur within the program. Thus, hour-long programs have more value to stations—ratings being equal—because some of the "within spots" can sell at higher rates.

8.3 The Soi-Disant "Networks"

The scramble for programming and the oversupply of local stations has resulted in the creation of self-described television networks, such as occur in radio broadcasting. These are not networks in the true sense of the word; they are national programming or syndication services that can be used to fill low-rated time periods. Low-rated stations that cannot afford competitive prices for syndicated programs and lack the ratings to attract barter advertisers make considerable use of them. ION is one exemplar (and MNTV comes close). Another such program supplier is Bounce TV, appealing to black American audiences. Bounce debuted in 2011, with affiliated stations reaching about half the domestic U.S. viewing population either via cable, satellite or broadcasting. Such quasi-networks don't pay compensation, don't have newscasts, and usually don't sell time in the national spot market. Their programming is either very local or purchased from syndicators. If there is national advertising in the shows, the syndicators put it there.

Tension between a network and its affiliate governs the entire relationship. In the network-affiliate detente, each party thinks that the other is getting the upper hand in the deal. The networks believe that the affiliates are reaping windfalls from obtaining high-quality and commercially attractive network programs *plus* receiving compensation. In contrast, the affiliates grouse that the networks are hogging most of the commercial *inventory* during network programming as well as piggybacking on the affiliates' success and reputation in the market for news and local programming. These arguments raged back and forth for decades, indicating that the relationships were roughly equal in strength. Of course, in markets where the affiliate is competitively superior (because of strong news performance or such outside factors as signal strength or lack of strong competitors in the market), its resentment of the network is correspondingly higher than in a market in which the affiliate is weak.

In truth, networks and affiliates have long had need of each other. *Under the traditional network model, each party trades what it has for what it needs: The network needs local affiliates to gain access to the market, and affiliates need the economies of scale that enable the network to provide the big-budget entertainment/sports/news programming that affiliates would otherwise be unable to produce on their own.* What lies on the horizon may not fit this model. As the internet captures more of television viewers for programming other than TV shows, and as both production and comp costs rise, the industry may be forced to adopt something close to the syndication model … where the highest bidder gets each program. But for most stations, at least the bigger, more profitable ones, that day lies in the fuzzy future, not nearby.

Preemptions

Occasionally, an affiliate might decide not to air (i.e., might *preempt*) a network program for any of a number of reasons. Most commonly, a station might preempt when it

- has a local news emergency that requires live, on-the scene coverage.
- decides to air a program it produced on its own, such as a local parade, local news special, sporting event and the like.
- deems the content of the network program inappropriate for local viewers.
- wants to keep all the advertising time and revenue for itself (which occurs most frequently on weekends during the Christmas shopping season, when local stations try to maximize commercial revenue during the busiest advertising time of the year).

Usually, when an affiliate preempts a network show, the station will reschedule the program in another time period (called *delayed carriage*) but will lose whatever compensation accompanied the regular airing (not all programs qualify for comp). If the affiliate refuses to *clear* (air) the program at all, a Big-Four network will then offer it to another station in the market in order to have some audience in the market for the program and its ads. As you can imagine, the networks keep careful track of exactly how many preemptions each affiliate makes, and that number can be a powerful bargaining chip at the time of affiliation agreement renewal or when affiliates request higher compensation. To protect themselves, affiliates negotiate in advance for the right to preempt a limited number of programs during the year.

It is important to recall that networks are not licensed by the FCC—only stations are—and affiliates must keep their eyes on their next license renewal dates by offering some programming in the public interest. Sometimes an affiliate contests its network's complaints about preemptions on the grounds that the substitute programs better served the community's interests and made the affiliate a stronger station in the market. This is a compelling argument when a network repeat episode is preempted in favor of a local news special about education in the region; it is a plausible argument when a network is preempted in favor of a championship game in which a local college team is playing; and it is a weak argument if the network is preempted in favor of a syndicated entertainment program, broadcast solely for the purpose of selling more commercials to improve the station's quarterly revenues.

News and Local Programming

"News is what someone, somewhere wants to suppress; everything else is just advertising,"

— Alfred Lord Northcliffe, British press magnate from the early part of the last century

Television, like its parent radio, was originally developed as a community-oriented medium, serving both local viewers and advertisers. Limited by unreliable equipment and the financial/organizational constraints of an infant industry, early television was predominantly a *live, local* medium. The early days of television were experimental, thrilling, agonizing and just plain chaotic.[3]

When the U.S. Congress passed the Communications Act of 1934, it established the FCC as broadcasting's licensing and regulatory authority, authorizing the Commission to regulate broadcasting "in the public interest, convenience, and necessity." As a matter of philosophical and practical forbearance, the FCC has historically given broad latitude to stations in the programming area to meet their statutory obligations, even though the epicenter of a station's mandate remains *serving the public interest.* The surest path to public service has been through news and local programming. Television news is omnipresent and its prospects for the future are relatively undiminished (why is explained in this next section), but there is always some criticism of its quality and presentation (see 8.4).

8.4 The Not Real News

One of the most enduring criticisms of television news is that it is not "real news": that television news is somehow counterfeit when compared with print journalism. Many complaints about contemporary television journalism begin with the cliché, "Edward R. Murrow would be spinning in his grave if he saw television's coverage today of [insert issue of choice]." Then the critic offers what Murrow's opinion *would* have been, were he still alive to have one. Interestingly, Murrow himself clearly anticipated the distinctiveness and limitations of the new medium and said, in effect, "Television news is a combination of show business, advertising and news."[4]

Television journalism, being so invasive in our lives, is often compared on an apples-to-apples basis with print journalism, a comparison which is unfair to both. Newspapers have been regularly published in America for nearly 300 years, protected by the First Amendment from punishment or licensing restrictions, while television has been plugged in for nearly 70 years as a captive of its technological, economic, competitive and especially regulatory environments. Of course, just as some newspapers are trashy and some world-class, with all degrees between, so television stations vary in quality, commitment and competence.

The Role of Local Newscasts

Newspapers devote only a minority of their pages to news reporting. Did you know that this so-called *newshole* amounts to no more than 20 percent of newspaper space? The rest of papers consist of advertising and features (syndicated columns, Sudoku, Dear Ann or Abby, comics, Miss Manners, crossword puzzles and so on), and a big chunk of what is euphemistically called "news" is sports. Though television is justifiably criticized for its excessive interruption by commercials, in its defense, we should note that it allots about 75 percent of its newscasts to programming content and only about 25 percent to commercial time. You may think that is far too much, but it pays the bills.

The real competition for both newspapers and television is really the internet, of course. It supplies news (and not so news) reports on demand, and there stories can be contracted or expanded in a live-like format for as long as the user is interested. Such flexibility and user control has driven many people away from both print and television news—except in times of disaster when television (usually) shines.

In addition to the obvious community benefits of having news content on the air, local news programming serves the broadcaster's commercial objectives quite well in the following six ways:

1. **Risk mitigation.** When a station buys a syndicated program, the result of that purchase can be a hit, a dud or something in between. Admittedly, no station sets out to deliberately buy a failure in the syndication marketplace. No matter; *regardless of the ratings of the program, the station must honor its contract and continue to pay the broadcast license fee and continue to air the barter commercials, even if the program is taken off the air.* News programs, in comparison, are rarely abject failures and can nearly always be resuscitated by a "news doctor."

2. **Exclusivity of product.** No competitor can steal a station's newscast or copy the name of the newscast. The names, faces and personalities of the on-air talent are exclusive to the station, too.

3. **Brand-building.** The newscast's content and production values can be styled so as to match the station's desired market identity, which results from its entire mosaic of network programming, syndicated programming, news/local programming and other community exposure. Affiliates that are number one in news generally are number one in their markets in prime time as well. How much their news ratings are attributable to their network's appeal in prime time and how much the prime ratings can be linked to the affiliate's news success is debatable; what is *not* debatable is that *local news and prime-time success are linked.*

4. **Customization of product.** In response to market forces beyond their immediate control—such as time of day, competing programs, changing popular tastes—the station can alter its newscast's content and format. For example, the news can be modified to offer more or less of hard news or softer coverage (such features as health or personal finance stories), or the weather report can be expanded or given more prominence in the newscast. If those alterations do not work, the original format can be restored and other changes put into place. No network or syndicated program can offer such a luxury.

5. **Cost containment.** Any locally produced telecast is a budgeting challenge to a business as sensitive to cash flow as a broadcast station. News is particularly expensive because of the need for sophisticated news-gathering electronic equipment, on-air talent, newscast sets, and behind-the-scenes producers, editors and so on. The start-up price tag is high, but such costs can be accurately estimated and budgeted—unlike the syndicated market, where the law of supply and demand causes fluctuations from year to year in the price of syndicated shows. In addition to reliable budgeting, the cost of adding an *additional* newscast is incrementally small; most of the expenses (equipment, sets, talent) are fixed and therefore already covered. Adding another half-hour of news in some cases might require only an additional news crew consisting of a single reporter and a photographer. (This is a lesson well learned from all all-news cable channels and continuous online reporting!)

6. **Revenue enhancement.** News programs can be enormously profitable for stations. First, unlike the limited amount of commercial inventory allowed to stations in network and some syndicated programs, the station owns all of its newscast inventory and, if budgetary needs require, can easily expand that supply by shortening the newscast and adding commercial time. Second, advertisers usually object to their products' commercials being placed during controversial network or syndicated programs. An airline, understandably, won't want to sponsor the movie *Airplane*, just as a travel agency will probably avoid *Titanic*. Such programs are said to be on an advertiser's *hit list*.

Newscasts, fortunately, are usually not hit-listed, and a large universe of potential advertisers is available for the sales department to approach. A third benefit is that the advertising community regards news as the most prestigious category of television programming. An image-conscious company that would reject the notion of advertising in an entertainment program might well consider advertising in a news program as an acceptable alternative. Stations use their newscasts as bait, as a means of enticing new or reluctant potential clients to expanding their advertising to more parts of the television schedule.

As of 2011, there were 968 stations offering local news, with approximately 26,500 staff employed in news departments. Generally speaking, the larger the market, the more competitive the product: Nearly 60% of station news departments turned a profit, and almost half of all station revenue was generated during news programs (though revenues don't look that good every year). Industry polls showed that the average network affiliate was up to 5½ hours of news each day by mid-decade. This spotlights the changing nature of the station business: As audiences drift away to cable/satellite networks and internet activities, stations use news to strengthen their brands and turn a profit. The old days of "noblesse oblige" in news are long gone: It's all about the money. In 2011, the FCC released an alarming report about the state of local television news.[5] The report was scathing, indicating that while the amount of news and the number of news outlets in a community might be increasing, the amount of local investigative news had not. The report equally criticized the FCC itself for a lack of proper oversight in its responsibilities as overseer of licenses of the public's airwaves. Only four times in its history has the FCC denied a license renewal to a station on the grounds of failure to fulfill public interest obligations.

One of the unintended after-effects of the pay-tv age has been that some consumers are left with *over-the-air* (*OTA*) viewing as their only choice, and these viewers tend to be poorer and less-well-educated, the downscale market. The OTA component has been variously estimated at between 8% and 14% of the total viewing audience, although current levels of MVPD subscribers suggest that the true amount is nearer 8%. But the point is that minorities make up much of this group: Specifically, 24% of the Asian market, 17% of the black market, and 23% of the Hispanic market watch OTA only. Overall, twice as many homes with less than $30,000 annual income watch over-the-air television exclusively. This group is more likely to watch local news than national cable news, although local television news is largely a combination of sensationalistic criminal reports and fluff.

Local TV news has taken on the visage of radio, deploying teasing strategies to keep the viewer watching, while spooning out as diluted a mixture of information as possible to keep them watching. Given that down-scale viewers watch disproportionately more television, this is an example of entertainment masquerading as news. Across the country, news consultants spout templates of cookie-cutter wisdom while driving out local interests and accents. No longer are reporters true journalists; most are hit-and-run news readers or attractive people looking to move up to a larger market. Many local news readers open their program by saying, "thank you for joining us." Rather an insult to the viewers. Some misguided stations have even offered contests for newswatchers. The desperation of some stations to hold on to their viewers is sometimes painful to watch…but we do.

Other Local Programming

There are two basic categories of local programs: *regularly scheduled shows* (mostly produced out of the news department, such as public-affairs discussion programs and weekend sports wrap-ups) and *special events* (such as ball games and parades). Some nationally important programs that are produced locally still exist—mostly in the biggest markets for such special events as Philadelphia's Mummers' Parade on New Year's Day, the Boston Marathon and so forth—but local programs no longer drive the financial or programming goals of a station, and the news department produces the few that remain, even in the largest markets. The venerable *Chronicle*, at 7:30 P.M. weekdays on Boston's WCVB, for example, has been on the air since 1984 and is the only large-market, locally produced newsmagazine program in America. The exception illuminates the void (see 8.5).

8.5 Why So Little Local?

Local programming has four main liabilities. They are primarily related to its labor and cost structures.

1. **Labor-intensive.** In contrast to the physical simplicity of airing a network or syndicated program (which can require—at most—one or two technicians to supervise master control, videotape machines and digital servers), a local program can require some dozens of personnel working over weeks or months to plan, produce and edit just one program. Even the most modest of programs requires personnel to host, write, edit, produce, direct and crew the production.
2. **Cost-intensive.** Budgeting is complex for a local production: There must be an accounting for talent fees, production crew, equipment, insurance, storage, construction, rentals and all other related expenses of the production, all of which are borne by the station. To keep the production's on-air "look" comparable with network and syndicated programming, the show's budget must not skimp. Although television is said to be a "forgiving" medium for production quality standards, the local program would defeat its own purposes if it looked amateurish. Occasionally, some production costs can be recouped if the station is able to syndicate the program to other stations. The most frequent example of this is when a sporting event gets syndicated to a regional cluster of stations.
3. **Advertising considerations.** If the local program is a one-time-only telecast, it might be difficult to find advertisers willing to buy time in it. Advertising agencies desire predictability; they want to have some pre-telecast notion of the kind of program they are buying and some realistic estimation of what the program's ratings will be (to justify the advertising buy to their clients, who are usually much more careful with spending their own money than the advertising agencies are). Unless the production is a regularly scheduled program or a local traditional event, the advertiser might shy away from a novel program. This is particularly true of national advertisers, who generally will not sponsor an unknown local program. Local advertisers, however, are more likely to support a local program because their advertising is less ratings-sensitive than that of national businesses. Local businesses can measure advertising success by other factors, which are sometimes as basic as an increase in the number of telephone calls or customer traffic at their stores.
4. **Promotion intensive.** Unlike the help they get for purchased programming from networks or syndicators, stations are solely responsible for promoting their own products. Heavy promotion of a local production, especially if it meets with resistance from the sales department (because promos use up time), is dangerous; it could result in a disproportionate creative effort for a minimal revenue return.

For group-owned stations, local production can be a laboratory, a means of field-testing programming before a launch in syndication (because that's where the really big bucks are). For instance, Oprah Winfrey hosted a local talk show on WLS-TV in Chicago before her program went to national syndication in 1986. Maury Povich and Regis Philbin reached syndicated fame after their respective programs' successes at local stations. At the other end of the personality spectrum, Howard Stern had a test run on local television in New York (WWOR-TV), years before his program went to national broadcast syndication in the late 1990s, and ultimately found its level on late-night cable and then satellite radio.

Syndicated Programming

To fill the time periods when its network does not supply programs, a station usually must enter the syndication marketplace for substitutes (spend lots of money). See Chapter 6 for a detailed discussion of the syndication processes for off-network and first-run programs.

The Prime-Time Access Rule

In an attempt to encourage stations to live up to their public service mandate and, not incidentally, make the network–affiliate relationship more balanced, in 1970 the FCC issued a regulation that chopped off one hour of prime-time television per night. (Until then, network prime had started at 7 P.M. Eastern/Pacific/6 P.M. Central/Mountain and aired for four hours.) The 7 to 8 P.M. hour was dubbed *prime-access time*, and the regulation was called the *Prime-Time Access Rule* (*PTAR*).

Under PTAR, the commission limited affiliates to three hours nightly of network programming and prohibited stations in the largest 50 markets from airing any off-network syndication in prime access. (An exception was made for network news programs so that they would not count toward the three hours. A second exception was made for Sundays because, at the time, the networks aired family-oriented programming on the most heavily viewed night of the week, reasoning that seems silly today.) The FCC naively imagined that the 7 to 8 P.M. time period would be occupied by local productions, public-affairs shows and more local news.

Of course the "rule of unintended consequences" applied. Rather than produce more (low-rated) public-affairs programs, local stations realized that they had just been handed a great gift. They could now run syndicated programs (so long as they were not of the off-network variety) in what was formerly prime-time territory, and they got to keep *all* the extra commercial inventory and the revenue that went with it!

Although PTAR was repealed in 1995, it is highly unlikely that the Big Three networks will get their lost hour back. *Access* is the highest-viewed non-network time period during the day, and stations generate too much commercial revenue to acquiesce in returning the time to the networks. Now that off-network reruns can air in access in any market, the increase in potential programs has driven prices down for both off-network and first-run programming, and local stations make even more money.

Off-Network Syndication

Unlike other tangible properties for which a price can be established (such as land, automobiles, textbooks and even personal services), there is no *inherent value* to any given television program. Ultimately, the market value of a program is set by the price at which the buyer's offer price and the seller's acceptance price overlap. As explained in Chapter 6, a program entering the syndication marketplace can sell at wildly varying prices, depending on such factors as a station's programming needs, the demographic "fit" of the program, the financial resources of the station, and the competitive landscape in the market. There is no set formula for calculating a price based on market size or location. Programs are not a fungible commodity where comparison shopping can be undertaken; each program is different, and its syndication performance is unpredictable.

The syndication contract is an exercise in simple mathematics. The syndicator sells the exclusive right to air the program in one of two ways—on a weekly license basis or on a per-episode basis.

1. **Weekly license**. This is the most commonly structured form of syndication. The station pays a weekly rate for the program (paid monthly), which is satellite-fed to the station. There is *barter* advertising in the program, where the syndicator has sold advertising time within the program, and the station has no say in the scheduling of individual episodes. The station must play the program once every day. (The station may choose to contract to play the program twice a day if the license fee is increased, usually by about 50 percent.)
2. **Per episode**. This is the original method, in which the station enjoys more control over the scheduling of the program. As long as the syndicator gets paid (monthly), it does not care whether the station airs the program every day, twice a day, or not at all (called *resting* or *shelving*). There is generally no barter in this method. The station contracts for a specific number of telecasts over a stated period of time. In general, the station may play each episode up to six times before additional residual rights kick in.

In either case, when a program is sold into off-network syndication, it enters the marketplace upward of two years before its actual syndication date on the air. For example, when *Everybody Loves Raymond* launched on the CBS network in 1996, it was immediately evident that it would have a future in syndication. Eyemark, the program's syndicator, began the sales process in 1998, anticipating a syndication start date of 2000. From that date and until the eventual network run ends, episodes of *Raymond* will air on both the network and in syndication.

Once enough network episodes have accumulated (usually after four seasons of 22 new episodes each), approximately 90 episodes are released into syndication. So, in the fifth year of network production, typically, a program begins its syndication life. In network seasons five through cancellation, the program is simultaneously in syndication. As each network year ends, and the network's broadcast rights expire and return to the syndicator, those 22 episodes pour over into the syndication contract, adding to the number that the local station is able to air.

While a program is still on the network, the station benefits in three ways from having the syndicated version:

- **National exposure.** A network previously spent heavily to promote the show as a hit, not only on its own network but also through advertising in the rest of the media. The national name recognition rubs off on the syndicated version of the program.
- **New episodes.** Every year the station gets the rights to the previous season's network episodes, which were broadcast only twice each. These "new" episodes (new to syndication, anyway) are underexposed because even fans of a program cannot be expected to catch every episode during its network run.
- **Advertiser access.** Advertisers are businesspeople. They crave predictable results. They know and respect the drawing power of network programs, but if a network asks too much money for commercials, advertisers know that they can buy spots for less money in the same program at the syndication level, and the commercials will still be seen nationally.

From an economic standpoint, syndicated programs pose both opportunities and perils. On the opportunity side, the big benefit is the commercial inventory. In off-network syndication (*off-net*, for short), the station keeps most (if not all) of the commercial time, creating the possibility of generating more revenue from airing a syndicated program than a network one.

Another benefit lies in brand-building for the station. During non-network dayparts for affiliates (and ALL the time on stations without a network), stations have the entrepreneurial challenges of selecting and scheduling programs of strong appeal to their viewers. Each station works with blocks of sitcoms, movies, talk shows or court shows, perhaps with a mix of sports and news, to develop a particular identity in the minds of the local audience.[6]

For the afternoon lead-in to local evening news, affiliated stations can often acquire syndicated programs that are more complimentary to their high-profile afternoon and evening news programs than those their network provides. Finally, stations can use syndicated programs to cater to local tastes. *Networks have to program for a national audience or audiences reached by their owned stations, which tend to be in the largest markets necessarily having different demographic and socioeconomic characteristics than small-city and rural America.* The syndication marketplace makes available programs that might be a better fit for regional or market tastes.

At the same time, there are perils. When an individual station commits to licensing a syndicated program, it bears the entire financial risk of that decision. If a network program fails, the network will eventually replace it, at no cost to the affiliate. If a syndicated program fails, the station is still obligated for all the costs of the program throughout the contract period (and has to run any prepaid ads).

The station also has to cover the cost of promotion for its syndicated commitments, usually "spending" some of its immensely valuable commercial inventory. In contrast, network programs generate national exposure and national publicity—to the eventual downstream benefit of local stations. On a network schedule, a given program is aired on the same day, at the same time, everywhere: *60 Minutes*